made in the Supplementary Estimates over and above the Budget provision of Rs. 236 lakhs. The collection of house tax by Panchayats has registered appreciable improvement and the Government are acordingly obliged to seek an additional provision of Rs. 27·25 lakhs in the Supplementary Estimates towards payment of House Tax Matching Grants to the Panchayat Unions.

7. During the last three years we have started a large number of high schools in rural areas and we have taken up the question of provision of suitable buildings for these schools. The expenditure involved in the programme is so large that it has obviously to be suitably phased. The Government have decided to make a beginning with the construction of buildings for the various erstwhile District Board schools. The Government will endeavour to make a provision of Rs. 25 lakhs every year for the scheme and this will be supplemented by public contributions. A sum of Rs. 10 lakhs has been made in the Supplementary Estimates towards the expenditure anticipated in the current year.

8. The other schemes included in the Supplementary Estimates do not call for any special comments. With these remarks, I commend the Supplementary Estimates for acceptance of this House.

APPENDIX II.

(Vide Item V on page 12.)

Address by Sri Bisnuram Medhi, Governor of Madras, to the Members of the Madras Legislative Assembly and the Madras Legislative Council, assembled together at the Assembly Chamber, Fort St. George, at 11 a.m. on Thursday, the 16th January 1964.

Honourable Members of the Legislature,

An eventful year has passed since I had the pleasure of addressing you last. We had then met under the shadow of a serious external threat to our way of life. The need for continued vigilance on our frontiers has not abated, but we have reason to feel satisfied that we are now in a stronger position to meet the aggressor and that there is better appreciation in international sphere of our point of view.

2. In this State, the chief event has been the relinquishment of office by Sri Kamaraj who so ably guided our affairs for nearly a decade. His intuitive sympathy for the poor and the downtrodden, his pragmatic approach to the problems of the day and the high standard of integrity which set the tone for this administration, have won for him the affection and regard of all sections of our people. Though he has now assumed onerous responsibilities in a wider sphere, we are all glad that his valuable counsel and guidance are still available to us in this Legislature. You will no doubt join with me in expressing our deep sense of gratitude for the remarkable stability which he imparted to the State administration, during a crucial period of development of the State.

18th January 1964]

3. It is this stability which has enabled this Government to set the present pace of economic development in the State. The execution of schemes included in the Plan has gathered considerable momentum in the current year and it is now anticipated that as against the sum of Rs. 60 crores originally provided, the actual outlay on Plan Schemes will aggregate to Rs. 68 crores. By the end of the current year, out of the total Third Plan provision of Rs. 291 crores, we would have utilized Rs. 177 crores or about 61 per cent. The peak outlay has been reached already, and the Plan is being fulfilled according to schedule or even a little ahead of it. On the present projections, the outlay by the end of the Plan period may well be about Rs. 325 crores against the original provision of Rs. 291 crores. A significant part of the increase is due to the inclusion of new schemes and the widening of scope of some of the old schemes. The administrative machinery is now fully geared to the fulfilment of the bigger Plan and the limits on our performance will be set largely by our ability to raise additional resources. With the co-operation of non-official voluntary agencies, the Government have recently taken steps to intensify collections of Small Savings, and I would request Hon'ble Members to evince keen interest in spreading the message of this movement.

4. The Legislature will have an opportunity of making a mid-term review of the Plan later in this Session. We have also initiated action for the preparation of the Fourth Plan, and Working Groups have been constituted at official level for the preparation of detailed programmes.

5. I am aware that along with the widely shared feeling of satisfaction about the Plan, there is an under-current of uneasiness about the rise in prices of essential commodities. We have always kept in view the possibility of a measure of strain on prices in the context of the growing population, rising money incomes and large investments in heavy industries which yield results only over a long period. With a view to secure better control over prices of essential articles, Government have promoted a network of consumers' co-operative stores all over the State. They have now decided to enlarge the programme by taking up 19 more towns with a population of 50,000 and over. Under this scheme, financial assistance will be given to wholesale and primary stores towards share capital and working capital and for the construction of godowns. A provision of Rs. 82 lakhs is being made for the scheme in the Supplementary Estimates to be presented shortly to the Legislature. The Government also propose to introduce another scheme for the distribution of consumers' articles in rural areas through the Village Co-operatives and Marketing Societies. About 2,500 Village Societies will be supplied with essential articles during the current year.

6. With a view to stabilize the price of rice, the Government have also authorized the opening of a large number of fair-price shops. We have now 500 such shops selling second sort rice as

against only 200 at the end of September. It has been decided to procure one lakh tons of rice during 1964 on the basis of compulsory levy on all millers and dealers. The rate of levy would be 20 per cent in Thanjavur and 15 per cent in other districts, and would be completed within a few weeks after the new produce comes into the market.

7. The Government are aware, however, that these measures can at best be only palliatives and that the only effective long-term remedy for rise in prices is increased production. The Plan has recognized the importance of agricultural production and set a target of 30 per cent for foodgrains, over the Five-Year period. The additional production-potential created in the first two years of the Plan is about 5·37 lakhs tons. Actual production in any particular year will depend largely on the seasonal factor. We may therefore expect a satisfactory response to our efforts during the current harvest, since seasonal conditions have so far been good. There is however no room for complacency on the agricultural front, particularly so since the use of chemical fertilizers has not picked up to the extent desired. The off-take of fertilizers during 1962-63 was only 2·5 lakhs tons against the target of 3·22 lakhs tons. In the current year also, the consumption may reach a level of only 3 lakhs tons even though large stocks are available. Our main endeavour in the remaining two years of the Plan should be to remove the institutional and other bottle-necks in the flow of fertilizers to the field. The recent reduction in the price of urea by about Rs. 100 per ton should stimulate the demand for it. Even so, any large increase in the present level of consumption of fertilizers, will call for larger credit, more promptly disbursed to agriculturists including lessees, through co-operative agencies. Hon'ble Members with their intimate knowledge of conditions in rural areas, should have constructive suggestions to offer in this regard.

8. Industrial production is equally important in promoting economic growth and stablilizing prices. The growth of our industries, particularly in the small-scale sector, has attracted wide notice. The Government have been assisting this growth by starting units for purposes of demonstration and training and by providing the overheads such as power, water and servicing facilities in industrial estates and colonies. Substantial financial assistance is being extended to entrepreneurs by way of long-term loans and participation in the share structure, through the agency of the Madras Industrial Investment Corporation.

9. Investigations connected with the establishment of a steel plant based on Neyveli lignite and Salem iron ore, are progressing. As a result of the tests conducted in the United States, it now appears possible to use raw lignite instead of carbonised briquettes for smelting. Further tests on the use of raw lignite and the problems connected with its transportation and storage, have been undertaken both in India and abroad. In the meantime, surveys of possible sites are being pushed through.

18th January 1964]

10. Among the factors responsible for the industrial development of the State in the last few years, the pride of place should be assigned to the large investments we have made in Power Programme. Hon'ble Members should be glad to learn that all our Power Projects are progressing according to schedule and some ahead of the schedule. The second stage of the Mettur Tunnel Hydel Scheme, which was originally proposed to be taken up in the Fourth Plan, has been advanced and will be completed within this Plan. Work has also stated on the Kodayar Scheme for which provision had not been made earlier in the Third Plan. We are aware of the dependence of our Grid on precarious irrigation discharges and have therefore taken steps to increase the thermal component. Work has commenced on the installation of a new 30 M.W. generator in the Basin Bridge Station, which again is a new scheme for which additional provision will have to be made in the Third Plan period. It is now anticipated that the outlay on Power during this Plan, will exceed the original provision of Rs. 100 crores, by about Rs. 11 crores.

11. Another sector in which our performance will materially exceed the original provision is Irrigation, both Major and Minor. The Parambikulam-Aliyar Project, the biggest now on hand, has gathered momentum and the outlay for the current year is being stepped up. The scope of the Chittar-Pattanamkal Scheme, has been enlarged so as to benefit a larger area. As Hon'ble Members are painfully aware, we are at the end of our tether on water resources for major irrigation projects. Our efforts should therefore be directed towards improvements to the Minor Irrigation Systems and economies in the use of water in existing irrigation systems, so that the water so saved may be put to use elsewhere. Schemes for modernizing the distribution channels of some of our old irrigation systems are under way and we will have to take up a substantial programme under this head in the Fourth Plan.

12. The object of Planning is not merely to increase production but also to ensure equality of opportunities for all sections of the people. The Government are aware that this crucial objective can be realized only by a bold programme of social security covering, to begin with, the most vulnerable sections of our population. We introduced last year the Old-Age Pension Scheme and about 62,000 pensioners have already been admitted to the benefits at an estimated cost of Rs. 135 lakhs in the current year. We have already implemented the programme of free education up to the Secondary School level for children of all low-paid Government servants and poor persons with an income of Rs. 1,500 per annum and below. The Mid-day Meal Scheme, another important social welfare measure, now covers all schools providing the much-needed nourishment to poor children, reckoned roughly at a third of the school-going population. The expenditure on this scheme currently runs at Rs. 150 lakhs per annum, over and above the substantial assistance we are receiving from the American sponsored CARE Organization. The Employees' State Insurance Scheme which is intended to benefit industrial

labour, is also being implemented with vigour and we have taken on hand a programme of construction of Employees' State Insurance Hospitals and dispensaries costing Rs. 5 crores. The Government are well aware that very much more remains to be done in this field of social security. All that they can vouchsafe now is that it is their intention to seek to enlarge the utility and coverage of these and other schemes, within the limits set by their resources, so that they can give some concreteness to the concept of a socialist society, within the democratic framework.

13. As I look back over my six years of fruitful association with this State and pass in quick review the all-round progress which this State has made during this period, I cannot help sharing with you the pleasing thought that this porgress has been made possible because the people of this State and its leaders, irrespective of political affiliations, have, even during moments of stress, observed restraint and decorum in their public life and have displayed a rare unity of purpose and determination in matters of common concern to the State. I now plead and pray for the continuance of this spirit which has been acclaimed by one and all in this country. The Government on their part will continue to assure the fullest freedom of expression and action for all sections of organized political opinion. But this freedom which is assured under our Constitution cannot obviously be sought for forms of agitation which seek to show disrespect to that very Constitution.

14. There is no important Legislative programme coming up for consideration in this Session. The main business in this Session will of course be the consideration of the Budget for 1964-65, and of Supplementary Estimates for the current year.

15. I would like, before I close, to offer my grateful thanks to you for the uniform courtesy you have always extended to me personally. I have every confidence that you will continue to carry on your deliberations in that spirit of cordiality and tolerance which is so characteristic of the people of Tamilnad, and that your deliberations will be of enduring benefit to the State and its people.

